



CLARENDON AND PITTSFORD

RECORDING NO. 10340-1 FILED 1979

July 6, 1978

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INTERSTATE COMMERCE COMMISSION

Rex Railways, Inc.
616 Palisade Avenue
Englewood Cliffs, New Jersey
07632

Gentlemen:

This letter will amend the Lease Agreement dated May 24, 1978 between the Clarendon and Pittsford Railroad Company as Lessee and Rex Railways, Inc. as Owner/Lessor for 250 Boxcars.

Paragraph 10 - Indemnities and Insurance is amended as follows:

REX will defend, indemnify and hold harmless Lessee from and against any and all loss or damage of or to Boxcars, usual wear and tear excepted, unless occurring through the fault of Lessee while Lessee has physical possession of Boxcars.

REX will provide basic insurance coverage of \$10,000,000 to insure Lessee against any claim, cause of action, damage, liability, costs or expenses (including legal fees and costs) arising from the Boxcars for which Lessee may be liable incurred in any manner by or for the account of any such Boxcar, with or without the fault of Lessee, relating to the Boxcars or any part thereof, including without limitation the construction, purchase, delivery of the Boxcars to Lessee's railroad line, ownership, leasing or return of the Boxcars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by REX or Lessee). Notwithstanding anything herein to the contrary, it is clearly understood that REX's liability herein is limited to the extent of the insurance coverage provided.

In all other respects the Lease Agreement is ratified and affirmed by the parties hereto.

REX RAILWAYS, INC.

CLARENDON & PITTSFORD RAILROAD CO.

By:

Robert W. Gruber

By:

H. T. Folsom